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Nektarios Tzempelikos,

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# Top management commitment and involvement and their link to key account management effectiveness

Nektarios Tzempelikos

Lord Ashcroft International Business School, Anglia Ruskin University, Cambridge, UK

## Abstract

**Purpose** – The purpose of the study is to examine the role of top management in effective key account management (KAM) relationships, making a distinction between top management commitment and top management involvement.

**Design/methodology/approach** – The study uses data from 304 suppliers from different sectors to test the research model and hypotheses developed. Data were collected by means of personal interviews. The survey instrument was a structured questionnaire.

**Findings** – Results show that top management commitment positively affects top management involvement. In addition, top management involvement totally mediates the relationship between top management commitment and relationship quality. Finally, relationship quality positively relates to financial performance.

**Research limitations/implications** – The study focuses on the role of top management in KAM. Future research that considers the top management's role simultaneously with other internal or external factors would provide a more comprehensive understanding of the antecedents of effective KAM. Future studies can also examine the potential detrimental impact of top management involvement in KAM.

**Practical implications** – Top managers should get actively involved in KAM. The study provides managers with guidance concerning how top management can have the greatest effect on KAM effectiveness.

**Originality/value** – The study adds to our understanding of the role of top management in KAM. The study provides an integrative empirical examination of the influence of top management in KAM and offer insights on which ways top management determines KAM success.

**Keywords** Top management, Empirical study, Key accounts

**Paper type** Research paper

## Introduction

Key account management (KAM) has emerged during the last decades as one of the most important concepts in business-to-business (B2B) marketing. A key account is a customer identified by the supplier to be of strategic importance (Millman and Wilson, 1995). KAM is a systematic process for managing relationships with key accounts (Millman and Wilson, 1995). Because of their importance, suppliers cannot afford to lose these customers without getting into serious difficulties (Zupancic, 2008). This leads suppliers to manage KAM relationships in such a way that they can achieve greater levels of partnership and commitment with their accounts (Piercy and Lane, 2003).

Previous research has underlined the role of top management in managing effective KAM relationships. In particular, research posits that top management commitment and involvement positively influences KAM effectiveness (Homburg *et al.*, 2002; Workman *et al.*, 2003; Millman and Wilson, 1999; Salojärvi *et al.*, 2010). Although researchers

acknowledge the role of top management in KAM relationships, empirical research in how top management can affect KAM is limited. It is worth noting that Guesalaga and Johnston (2010) recently identified the role of top management as one of the two most important opportunities for future research in KAM.

The purpose of this study is to present and empirically test a model of top management's contribution to performance outcomes from KAM relationships. In particular, we explore the link between top management commitment and involvement and examine their effects on relationship quality and, in turn, on financial performance. The study contributes to the research base by providing insights into the underlying mechanism by which significant performance outcomes from KAM relationships can be created by focusing on the role of top management. Second, the study provides a comprehensive review of the literature on the role of top management in KAM and identifies different aspects of the concept (i.e. top management commitment and top management involvement), as, so far, literature in this field has been rather

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divergent. Third, understanding how top management commitment and involvement relate to performance outcomes of KAM can help suppliers enhance KAM effectiveness through initiatives involving those factors. Fourth, the study adds to our understanding of the role of top management in KAM by identifying two aspects of the concept (i.e. top management commitment and top management involvement) and examining the potential link between them. The findings of the study provide support for our research hypotheses, providing useful academic and managerial implications and identifying areas for future research.

The remainder of the paper is organized as follows. First, we present the theoretical background of our study, discussing the role of top management in KAM. Then, we develop the conceptual framework and research hypotheses based on the reviewed literature. Next, we present the methodology used in conducting the research. We then proceed with the data analysis and the testing of the hypotheses. Finally, we present the discussion of the findings, the limitations of the study, as well as suggestions for future research.

## The role of top management in KAM relationships

Top management has an important role in shaping organizations. Researchers on strategy implementation suggest that organizational strategies reflect the characteristics and interests of the top managers of the firm (Hambrick and Mason, 1984), while market orientation literature empirically supports the idea that top management emphasis positively relates to market orientation (Jaworski and Kohli, 1993). The importance of top management in managing customer relationships has also been recognized in KAM literature (Workman *et al.*, 2003; Napolitano, 1997; Millman and Wilson, 1999). With the increasing recognition that key accounts are not just a source of revenue, suppliers have paid

a lot of attention and invested vast sums in the development of KAM programmes aiming to develop long-term relationships (Spencer, 1999; Ivens and Pardo, 2008). A lot of emphasis is given to, and sophisticated methods used in, defining where investment should be made (Francis, 2004). Suppliers also focus on how to accommodate the cross-functional demands of KAM (Homburg *et al.*, 2002). It is not surprising then that top management plays an important role in the design, implementation and review of KAM programmes.

Active involvement from top management is considered as one of the most important elements of KAM implementation and necessary for KAM success (Davies and Ryals, 2009); Napolitano (1997) argues that “top management involvement is the most critical indicator of success”. Table I provides a summary of literature that focuses on the role of top management in KAM, organized by date. A review of these studies reveals two main aspects of the role of top management in KAM: top management commitment and top management involvement.

*Top management commitment* refers to the demonstration of top management’s belief in the importance of KAM (Millman and Wilson, 1999). Top management should affirm the importance of the KAM programme as a major strategic orientation for the company (Pardo, 1999). Top management commitment is also needed to avoid interdepartmental conflicts; very often, the KAM function tends to threaten the status quo of the organization (Millman and Wilson, 1999). Thus, top management should make clear to the whole organization that the KAM function should not be treated competitively by other units; on the contrary, all can (and should) contribute to the better management of relationships with key accounts.

*Top management involvement* is defined as the “extent to which senior management participates in KAM” (Homburg *et al.*, 2002). Given that KAM suggests a strategic issue for suppliers, its implementation should be initiated and overviewed by top

Table I Summary of key literature on the role of top management in KAM

Authors	Type	Main focus/key statement
Napolitano (1997)	Empirical	Identifies top management involvement as the most critical indicator of success of KAM
Millman and Wilson (1999)	Conceptual	Considers commitment from top management as a precondition that facilitates the implementation of KAM processes that includes top management involvement
Pardo (1999)	Conceptual	Identifies top management commitment as a key ingredient of the KAM process
Homburg <i>et al.</i> (2002)	Empirical	Explores the influence of top management involvement in explaining differences in performance outcomes from KAM programs
Workman <i>et al.</i> (2003)	Empirical	Finds that top management involvement is positively related to KAM effectiveness
Brady (2004)	Empirical	Proposes that top management commitment is needed to further develop KAM relationships
Francis (2004)	Conceptual	Describes whether, why and how should top management be involved in KAM
Zupancic (2008)	Empirical	Considers the support from top management as a dimension of KAM process at the corporate level
Davies and Ryals (2009)	Empirical	Considers top management involvement as an element of KAM implementation
Salojärvi <i>et al.</i> (2010)	Empirical	Investigates top management involvement as an antecedent of customer knowledge utilization
Guesalaga and Johnston (2010)	Empirical	Identifies the role of top management as one of the two most important opportunities for future research in KAM
Gounaris and Tzempelikos (2012)	Empirical	Identifies top management commitment and top management involvement as dimensions of key account management orientation

management (Millman and Wilson, 1999). One key role of top management is participation in decision-making (Homburg *et al.*, 2002). However, top management involvement should be “multifaceted” (Capon, 2001) and decision-making is but one of its numerous roles (Guesalaga and Johnston, 2010). Thus, top management involvement should not be limited only to the degree to which top managers participate in decision-making with respect to key customers, which is implicitly considered in the KAM literature (Homburg *et al.*, 2002; Workman *et al.*, 2003). In particular, top management involvement should include meetings with senior personnel at the customer’s premises, which signals the special status of the customers and improves responsiveness to their needs (Millman and Wilson, 1999). Moreover, because a typical KAM programme involves many functional units, top management should ensure that the KAM function obtains the necessary resources from across the organization (Napolitano, 1997) and encourages cross-organizational responsiveness (Workman *et al.*, 2003; Storbacka, 2012).

Effective KAM implementation requires both top management commitment and involvement (Zupancic, 2008). This is because KAM relationships are inevitably going to be based on behaviors that derive from the attitudes of the organization (Gosselin and Bauwen, 2006). Thus, customers can only identify and evaluate top management commitment based on what they see and observe, i.e. actions. Thus, the development of top management commitment should be followed by involvement so that effective KAM relationships can emerge (Gounaris and Tzempelikos, 2012).

However, there are some issues of concern. Specifically, for many top managers the formation and review of a KAM programme is where their role ends (Francis, 2004). Once the operation is up and starts to run effectively, top management steps back, considers the task complete and focuses on other tasks. This is possibly because top managers often tend to believe that KAM consists only of figures. This mistaken belief leads them to leave everything to ground-floor managers, so that their role is concentrated around monitoring the reports (Francis, 2004). However, without their involvement, KAM programmes are likely to fail (Millman and Wilson, 1999). Top management need to continuously ensure that key accounts are being managed in the most effective and efficient way. To do so, top managers need to support and actively participate in the KAM process on a systematic basis, rather than just having an overview of the programme. This need for participation is important, not least because the top managers do not always have the authority (at least formally) over people who manage KAM relationships (Homburg *et al.*, 2002). This means that top management can (and should) encourage these people, and even reward them, but cannot command them (Pardo, 1999).

In addition, top management involvement in KAM can lead to tension between top managers and key account managers. Very often, key account managers perceive top management involvement as an attempt to underestimate their role as the primary contact (Guesalaga and Johnston, 2010). On the other hand, top managers feel that they have all the responsibility for, and none of the authority over, KAM relationships (Francis, 2004). Thus, it is likely that conflicts will occur between them (Speakman and Ryals, 2012). This

requires top managers to exhibit high levels of both political and entrepreneurial skills (Wilson and Millman, 2003), actively participating in KAM relationships but in a way that does not conflict or overlap with the role of key account managers. In addition, sometimes, the key account managers are unwilling to ask for help from top management because of bureaucratic barriers (Francis, 2004). Therefore, top managers should also establish more flexible and open communication channels with key account managers.

## Research framework and hypotheses

In this section, we develop the research model of the study, as shown in Figure 1. Specifically, this study examines how top management commitment and top management involvement affect relationship quality, and how they relate to each other. This study also attempts to show that top management involvement may serve as a mediator in the relationship between top management commitment and relationship quality. Finally, the study examines the potential effect of relationship quality on financial performance.

### Top management commitment and top management involvement

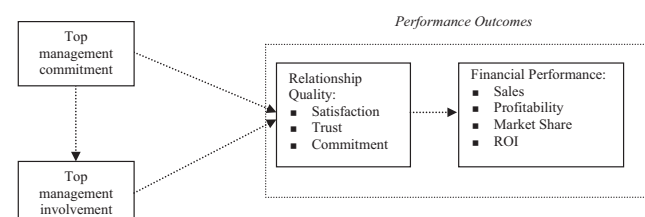
The literature considers commitment from top management as a necessary condition that facilitates the implementation of KAM processes (Millman and Wilson, 1999). Top management should support KAM by word and action (Zupancic, 2008; Gounaris and Tzempelikos, 2012). This indicates that when top management commitment toward KAM is high, top managers will put more effort into KAM implementation by actively participating in the process (Workman *et al.*, 2003). Thus, although the literature has not empirically examined this relationship so far, there is evidence of a potential link between top management commitment and top management involvement. Hence, we propose the following hypothesis:

- H1. Top management commitment is positively related to top management involvement

### Top management commitment and top management involvement: antecedents to relationship quality

Previous research on relationship marketing (Anderson and Weitz, 1992; Morgan and Hunt, 1994; Doney and Cannon, 1997; Hennig-Thurau *et al.*, 2002; Cater and Zabkar, 2009) and KAM (Richards and Jones, 2009; Sengupta *et al.*, 2000; Alejandro *et al.*, 2011; Low and Johnston, 2006; Ivens and Pardo, 2007; Homburg *et al.*, 2002) has identified various, potential relational outcomes from a buyer–seller relationship. A better understanding of the role of relational outcomes as

Figure 1 Conceptual model





indicators of success in inter-firm relationships is provided by the relationship quality literature. Although there is no commonly accepted definition, relationship quality generally represents the assessment of the strength of the buyer–seller relationship (Crosby *et al.*, 1990; De Wulf *et al.*, 2001; Smith, 1998). There is general agreement in the literature that satisfaction, trust and commitment are key components of relationship quality (De Wulf *et al.*, 2001; Dorsch *et al.*, 1998; Garbarino and Johnson, 1999; Crosby *et al.*, 1990). *Satisfaction* is frequently defined as a positive affective state resulting from the appraisal of all aspects of an exchange relationship (Geyskens *et al.*, 1999). *Trust* is usually described as the perceived credibility and benevolence of the supplier (Doney and Cannon, 1997; Kumar *et al.*, 1995). *Commitment* is the desire to continue the relationship in the future and a willingness to work to maintain it (Anderson and Weitz, 1992).

Top management commitment contributes to the establishment of relationship quality in KAM. Top management has a crucial role in shaping the values in organizations (Salojärvi *et al.*, 2010). Specifically, top management commitment fosters the development of customer orientation (Day, 1994). This leads suppliers to meet the needs of key accounts more effectively (Im and Workman, 2004; Brady and Cronin, 2001) and, as a result, to strengthen the relationship with them (Guenzi *et al.*, 2009, 2007). The literature, therefore, reveals that top management commitment affects relationship quality. Based on this, the following hypothesis is proposed:

- H2. Top management commitment is positively related to relationship quality

Previous research provides evidence that top management involvement affects relationship quality. Top management involvement (e.g. meeting with the customer's people) is highly appreciated by key accounts, as they get the feeling that they are being "embraced" by the whole organization and that they are important to the supplier. The involvement of top management, therefore, shows commitment in the eyes of the customers (Millman and Wilson, 1999), which may lead to greater involvement of the customer's top management and a deepening of the overall relationship (Workman *et al.*, 2003). Empirical support for this argument is provided by Workman *et al.* (2003) who showed that top management involvement in KAM is positively related to KAM effectiveness, representing the relational outcomes that can be achieved from KAM relationships. In a similar vein, Homburg *et al.* (2002) found that suppliers practicing a high level of top management involvement tend to achieve higher KAM effectiveness. In addition, top management involvement is positively related to customer knowledge utilization, which contributes to effective responses to the needs of key accounts (Salojärvi *et al.*, 2010). Thus, we propose the following hypothesis:

- H3. Top management involvement is positively related to relationship quality

### Relationship quality and financial performance

Much of the previous research has defined KAM performance as both relationship quality/effectiveness (Sengupta *et al.*,

2000; Richards and Jones, 2009; Ivens and Pardo, 2007) and financial performance (Workman *et al.*, 2003; Homburg *et al.*, 2002; Ryals and Holt, 2007). It also provides evidence of the link between relationship quality and financial performance (Workman *et al.*, 2003). Specifically, it is logical that as satisfaction with, trust in and commitment to a supplier increase, the supplier's revenues from the customer should also increase (Jones *et al.*, 2009). As those revenues continue to increase, it is likely that the supplier's overall revenues, profitability, market share and return on investment (ROI) will eventually increase as well (Jones *et al.*, 2009; Workman *et al.*, 2003). In general, suppliers that enjoy long-term and strong relationships with their customers, enjoy greater financial performance than those with only short-term, transactional relationships (Morgan and Hunt, 1994; Anderson and Mittal, 2000; Bernhardt *et al.*, 2000; Gruca and Rego, 2005; Rust *et al.*, 2002; Jap, 1999; Mohr and Spekman, 1994; Leuthesser, 1997; Anderson and Narus, 1990). Thus, there is strong evidence that relationship quality positively affects financial performance. On these grounds, the following research hypothesis is proposed:

- H4. Relationship quality is positively related to financial performance

### The mediation effect of top management involvement

Although we feel that the main effects proposed previously are well-grounded, the possibility of a mediating effect of top management involvement in our model exists as well. Mediation effects occur when an independent variable influences the dependent through its effects on or as a result of a mediator variable (Baron and Kenny, 1986). In the previous sections, we have hypothesized that top management commitment affects top management involvement and, in turn, top management involvement affects relationship quality. That is, the contribution of top management commitment to relationship quality will depend on whether top management is involved in the KAM relationship. This raises the possibility that top management involvement mediates the link between top management commitment and relationship quality. On the basis of this reasoning, we propose the following hypothesis:

- H5. Top management involvement mediates the relationship between top management commitment and relationship quality

## Method

### Sample and data collection

The sample of the study consisted of firms from different sectors, including: fast-moving consumer goods, chemical and pharmaceutical products, computers and electronics, banks and insurance, telecommunications, metals, furniture, medical equipment and professional services. Cross-sectional samples are considered to enhance the generalizability of the findings (Geyskens *et al.*, 1996; Hooley *et al.*, 1990; Jaworski and Kohli, 1993). Although many suppliers of our sample (e.g. suppliers of fast-moving consumer goods) sell indirectly to end-consumers, the focus of the study has been their B2B relationships with distributors, retailers, etc. The criterion for

inclusion in our sample was that the firm had to manage relationships with key accounts in a formal or informal way (Workman *et al.*, 2003).

A structured questionnaire was used to collect the data and test our hypotheses. The survey questionnaire was developed on the basis of an extensive literature review on in-depth interviews. Data were collected by means of personal interviews. Given the rather sophisticated nature of many questions, this method was considered the most appropriate, as it allows for any unclear issues to be explained, as well as contributing to an increased response rate (Hair *et al.*, 1998). We contacted 800 randomly selected companies by telephone to explain the objectives of the study and ask for their participation. For those who agreed to participate, an appointment at the firm's premises was made. Overall, 304 companies participated, providing an effective response rate of 38 per cent. Table II presents the description of our sample.

With regard to the sample unit, the key-informant approach was used. Although adopting a key-informant technique may impede the generalizability of the findings (Phillips, 1981), careful selection of informants and use of appropriate measurement scales can provide reliable and valid data (John and Reve, 1982). Based on the subject of the study (i.e. top management) and previous studies (Homburg *et al.*, 2002; Workman *et al.*, 2003), we considered that higher-level managers would be the most suitable informants for our study (the titles of the respondents include national account manager, key account manager, head marketing manager and head of the sales department). Higher-level managers are more likely to have an overview of the KAM process across the whole organization (Homburg *et al.*, 2002).

### Measures

All measures used in the study were drawn from previous studies. The questionnaire was pre-tested with three

Table II Sample description

Sample characteristics	Total (n = 304) (%)
<b>Industry</b>	
Food and packaged goods	33.9
Computer and electronics	14.1
Chemical and pharmaceutical products	10.9
Furniture	7.9
Banks and insurance	6.6
Metals	8.6
Professional services	6.3
Medical equipment	4.6
Telecommunications	5.3
Other industrial products	2.0
<b>Annual revenues (in million)</b>	
< 3	6.6
3.1-5	7.3
5.1-10	12.9
10.1-15	11.3
15.1-20	7.3
20.1-30	7.3
30.1-50	12.6
> 50	34.8

academics and ten practitioners from the population under investigation to increase content validity and clarity of the measures. Based on the feedback, some items were revised to improve their precision and clarity. All the items were measured using a seven-point scale (detailed scale items are reported in the Appendix).

Top management commitment and top management involvement were measured using the scales presented by Gounaris and Tzempelikos (2012). The operationalization of relationship quality was based on the constructs of satisfaction, trust and commitment, and for their measurement, we relied on the scales of Cannon and Perreault (1999), Doney and Cannon (1997) and Morgan and Hunt (1994), respectively. Finally, the assessment of financial performance relied on the self-evaluation of organizational sales, profitability, market share and ROI.

## Results

### Measures evaluation

Following standard procedures (Nunnally, 1978; Gerbing and Anderson, 1988), reliability and validity of the measures were assessed. The scale properties are provided in Table III, and the means, standard deviations and correlations among the constructs are shown in Table IV. First, we examined the items by item-total correlations and exploratory factor analysis. Items that exhibited low item-total correlation (< 0.30) and low loadings on intended factors (< 0.50) were removed. This process led to the deletion of one item from the satisfaction scale.

First, composite reliability for all measures exceeded the threshold value of 0.6 (Bagozzi and Yi, 1988). Furthermore, for all of the constructs, Cronbach's alphas exceeded the 0.7 threshold (Nunnally, 1978), thus indicating that the measures exhibited good internal consistency. Then, we conducted confirmatory factor analysis (CFA) to check for unidimensionality. All the constructs indicate an acceptable fit of the data, providing support for the unidimensionality of the measures (Table V).

Construct validity was assessed by means of Fornell and Larcker's (1981) criteria. In particular, based on the results of CFA, we calculated average variance extracted (AVE) of the measures. AVE in all the measures exceeds 0.50, providing evidence of convergent validity. Additionally, the AVE for each construct is higher than the squared correlation between that construct and any other construct in the model. Hence, discriminant validity holds for all constructs used in the study. Next, we checked whether the items for top management commitment and involvement, the central constructs of the study, produce a satisfactory two-factor solution. As results show, the AVE (0.60) exceeded the squared correlation between the two constructs (0.47), supporting thus that top management commitment and involvement provide a satisfactory two-factor solution. This finding provides further evidence of the discriminant validity of top management commitment and involvement, suggesting, therefore, that they can be conceptualized and measured as two distinct constructs (Fornell and Larcker, 1981).

Finally, as our study followed a single-informant approach, a test of common method bias was considered appropriate. Common method bias involves a bias in the responses because

Table III Measures properties

Higher-order construct	Construct (number of items <sup>a</sup> )	Mean	SD	Cronbach's alpha <sup>b</sup>	Item-total correlation	Standardized factor loading	Composite reliability <sup>c</sup>	AVE <sup>d</sup>	Squared correlation	Cronbach's alpha <sup>b</sup>	Composite reliability <sup>c</sup>	AVE <sup>d</sup>
Relationship quality	Top management commitment (5)	5.46	0.99	0.90	0.71-0.82	0.81-0.89	0.92	0.64	0.012-0.465			
	Top management involvement (5)	5.36	0.87	0.84	0.58-0.71	0.73-0.83	0.87	0.52	0.017-0.465			
	Satisfaction (4)	5.57	0.77	0.83	0.60-0.73	0.81-0.89	0.86	0.63	0.018-0.506	0.87	0.89	0.64
	Trust (5)	5.89	0.73	0.86	0.63-0.75	0.77-0.85	0.88	0.54	0.012-0.506			
	Commitment (5)	5.28	0.90	0.88	0.67-0.81	0.81-0.91	0.92	0.66	0.014-0.425			
Financial performance	Sales (1)	5.38	1.11							0.89	0.92	0.68
	Profitability (1)	5.12	1.27									
	Market share (1)	5.16	1.18									
	ROI (1)	5.05	1.19									

Notes: <sup>a</sup>Items with item-total correlations less than 0.30 and factor loadings less than 0.50 have been omitted; <sup>b</sup>reports coefficient alpha (if more than one item); <sup>c</sup>reports composite reliability (if more than two items); <sup>d</sup>AVE is reported when there are more than two items

Table IV Means, standard deviations and correlations

Construct	Mean	SD	(1)	(2)	(3)	(4)	(5)	(6)
Top management commitment (1)	5.46	0.99	1					
Top management involvement (2)	5.36	0.87	0.68*	1				
Satisfaction (3)	5.57	0.77	0.43*	0.52*	1			
Trust (4)	5.89	0.73	0.36*	0.46*	0.71*	1		
Commitment (5)	5.28	0.90	0.29*	0.45*	0.61*	0.65*	1	
Financial performance (6)	5.18	1.04	0.20*	0.28*	0.34*	0.30*	0.26*	1

Note: \*Correlations are significant at 0.01 level

Table V CFA results

Construct (number of items)	$\chi^2$	df	CFI	GFI	RMSEA
Top management commitment (5)	43.3	5	0.988	0.982	0.097
Top management involvement (5)	9.8	5	0.991	0.988	0.056
Satisfaction (4)	10.5	2	0.991	0.986	0.086
Trust (5)	76.1	5	0.993	0.991	0.090
Commitment (5)	7.9	2	0.991	0.987	0.098
Financial performance (4)	20.6	2	0.992	0.986	0.079

of something external to the measures. To test for this, we used Harman's single-factor test (Podsakoff *et al.*, 2003). Following this single-factor test, we entered all items into a factor analysis, and four factors emerged with eigenvalues greater than one, thereby accounting for 67.83 per cent of the variance; the first factor accounted for 29.07 per cent of the variance. Therefore, we concluded that there was no common factor underlying our data. In summary, all measures had satisfactory psychometric properties and suggested that it was appropriate to proceed with the testing of the hypotheses.

### Hypotheses testing

To obtain a more favorable relationship between the sample size and the number of parameters, we conducted an additional simplification of the construct of relationship quality (Homburg and Pflesser, 2000). Specifically, based on theory (De Wulf *et al.*, 2001) and scale purification tests (Table III) that provided evidence that each indicator loaded appropriately on relationship quality, we averaged the observed measures of satisfaction, trust and commitment, leading to a single composite measure per dimension. This gave a latent variable of relationship quality with three indicators.

We used structural equation modelling by means of Amos to test our hypotheses. We report the results of the hypothesis testing in Table VI. The overall fit measures provide a good fit for the data [ $\chi^2(139) = 340.6$ , comparative fit index (CFI) = 0.98, non-normed fit index (NNFI) = 0.98, goodness-of-fit index (GFI) = 0.94, root mean square error of approximation (RMSEA) = 0.059]. Furthermore, the squared multiple correlations range from 0.12 to 0.47, which suggests that the factors studied explain a significant portion of the variance of the hypothesized endogenous variables. Turning to the results concerning the specific hypotheses, top management commitment has a positive effect on top management involvement ( $\beta = 0.68$ ,  $p < 0.01$ ), thus supporting H1. There is no statistically significant relationship between top management commitment and relationship quality, thus

failing to support H2. Top management involvement positively affects relationship quality ( $\beta = 0.54$ ,  $p < 0.01$ ); hence, H3 is supported. Relationship quality also has a positive impact on financial performance ( $\beta = 0.34$ ,  $p < 0.01$ ), thus supporting H4.

To test the mediating role of top management involvement in the relationship between top management commitment and relationship quality, we followed Baron and Kenny's (1986) recommendations and developed an additional model, Model 2, which does not contain top management involvement. According to Baron and Kenny (1986), to establish mediation in the relationship between top management commitment and relationship quality, the following conditions must be met:

- top management commitment must have a positive effect on relationship quality in Model 2;
- top management commitment must have a positive effect on top management involvement in Model 1 (i.e. the original conceptual model in Figure 1);
- top management involvement must have a positive effect on relationship quality in Model 1; and
- the effect of top management commitment on relationship quality must be less in Model 1 than in Model 2.

Partial mediation holds if the direct effect of top management commitment on relationship quality significantly drops in Model 1, and perfect mediation holds if the effect in Model 1 is not significant.

The results, presented in Table VI, show that all the mediating conditions are satisfied. Specifically, top management commitment has a positive impact on relationship quality in the absence of top management involvement (Model 2), top management commitment has a positive impact on top management involvement (Model 1), top management involvement has a positive impact on relationship quality (Model 1) and the effect of top management commitment on relationship quality becomes insignificant in the presence of top management involvement (Model 1). Therefore, we conclude that the relationship



Table VI Estimation results

Index	Estimates	The original theoretical model (Model 1) <sup>a</sup>	The direct effect model (Model 2) <sup>a</sup>
Paths	Top management commitment → top management involvement	0.68* (16.22)	Non applicable
	Top management commitment → relationship quality	0.07 (1.10)	0.41* (7.71)
	Top management involvement → relationship quality	0.54* (11.06)	Non applicable
	Relationship quality → financial performance	0.34* (6.27)	0.35* (6.36)
R <sup>2</sup>	R <sup>2</sup> (top management involvement)	0.47	Non applicable
	R <sup>2</sup> (relationship quality)	0.29	0.16
	R <sup>2</sup> (financial performance)	0.12	0.10
Fit indices	χ <sup>2</sup> /df	340.6/139 (2.45)	197.3/75 (2.63)
	p	< 0.01	< 0.01
	CFI	0.98	0.97
	NNFI	0.98	0.98
	GFI	0.94	0.93
	RMSEA	0.059	0.075

Notes: Reported values are standardized coefficients (betas). The numbers in parentheses are t-values; <sup>a</sup>Model 1: full model; Model 2: comparison model (without the top management involvement construct); R<sup>2</sup>: explained variance in endogenous construct; \*p < 0.001

between top management commitment and relationship quality is totally mediated by top management involvement, thus supporting H5.

## Discussion and implications

The present study provides insights into the role of top management in managing effective KAM relationships. The study examines the effect of top management commitment and top management involvement on relationship quality and, in turn, how relationship quality relates to financial performance. Moreover, it examines the mediating effect of top management involvement in the relationship between top management commitment and relationship quality.

The results largely support the relationships proposed in the conceptual framework. Specifically, top management commitment is positively related to top management involvement. This indicates that developing top management commitment is a required precondition to top management involvement in managing KAM relationships. Both factors should be present so that effective KAM can be built. Further support for this argument can be found in market orientation theory, which states that if organizational culture was indifferent to market-oriented activities, then market orientation could be implemented by every company; obviously, this is not true (Narver *et al.*, 1998).

In relating top management to relationship quality, the results reveal that top management commitment does not affect relationship quality, while top management involvement has a positive impact on relationship quality, as expected. These findings provide evidence that the quality of the relationship is determined by what top management actually does (i.e. involvement), rather than its attitude toward KAM (i.e. commitment). This indicates that customers consider top management commitment important only when this is followed by specific actions that create value for them.

Consistently, our results show that top management involvement totally mediates the impact of top management commitment on relationship quality. This indicates that top

management commitment contributes to relationship quality only through top management involvement. Therefore, effective KAM requires top management commitment to be followed by active involvement in the KAM function. Finally, the results show that relationship quality positively affects financial performance. This finding emphasizes the importance of building close bonds with key accounts to achieve significant performance outcomes. The study also has academic and managerial implications, which will be discussed below.

## Academic implications

The study contributes to the KAM literature in several ways. First, the study adds to our understanding of the role of top management in KAM. Although over the years, scholars have called for top managers to be actively involved in KAM, there is little detailed consideration of the specific ways in which top managers should be involved. The role of top management in KAM suggests a key area where there is a lack of, or no academic research available (Guesalaga and Johnston, 2010). The present study discusses the role of top management in KAM, and identifies top management commitment and top management involvement as important aspects of this role. The study separates top management commitment from top management involvement so that both can be measured and evaluated, and also provides evidence of the relationship between them. In addition, the study assesses the meaning of top management involvement in KAM, beyond extensive participation in decision-making (Homburg *et al.*, 2002; Workman *et al.*, 2003). Thus, the study helps to provide a comprehensive view of the role of top management in KAM. In addition, the study further develops the theoretical basis of KAM as an organizational context factor, rather than just a sales management practice. KAM should not be viewed only within the boundaries of the sales function; rather, top management can (and should) play a critical role in its implementation.

Second, the study provides insights into how top management determines KAM success. Previous studies

provide evidence of the relationships between top management commitment and top management involvement (Zupancic, 2008), top management commitment and relationship quality (Millman and Wilson, 1999) and top management involvement and relationship quality (Workman *et al.*, 2003). However, research, so far, has not attempted to synthesize these constructs to form frameworks that capture the role of top management in effective KAM. The present study incorporates the constructs of top management commitment, top management involvement and relationship quality in a research model and examines the relationships between them, as well as the potential mediating effect of top management involvement in the top management commitment–relationship quality link. The study provides an integrated examination of the influence of top management in KAM relationships and identifies which specific aspects of top management's role are more relevant in determining KAM success. Even though the study increases the complexity of capturing the factors that lead to effective KAM, at the same time, it provides a deeper understanding of the underlying mechanism of successful KAM relationships. Additionally, by drawing our conclusions based on field research across a range of sectors, including both manufacturers and service providers, we are more confident that the overall theme of the role of top management in KAM is not isolated to specific firms or industries.

A third implication of the study involves the performance outcomes of KAM. Previous research has highlighted the link between KAM and relational outcomes (Ivens and Pardo, 2007; Guenzi *et al.*, 2009) and the link between relational outcomes and financial performance (Workman *et al.*, 2003). The present study adds to our understanding of the potential outcomes from KAM relationships by linking relationship quality and financial performance. The results show that relationship quality significantly affects financial performance. Because organizational performance encompasses all customers (not just key accounts), this finding indicates that there is a relationship between how well firms do with key accounts and their performance (Workman *et al.*, 2003). Thus, the present study emphasizes the importance of building close bonds with key accounts prior to achieving significant performance outcomes from KAM relationships.

### Managerial implications

A number of managerial implications follow from our study. First, top managers should get actively involved in KAM. Our data indicate that when top managers are actively involved in KAM, suppliers are more likely to establish superior relationship quality with their key accounts which, in turn, leads to superior financial performance. Hence, the active involvement of top managers in the KAM process should be a priority for suppliers managing relationships with key accounts. In addition, the study provides insights into what top management involvement in KAM means. Specifically, top managers should participate in decision-making, coach key account managers, monitor them, reward them, encourage them, show interest in the problems they may face and take responsibility for activities, but in a way that does not conflict or overlap with the role of their key account managers.

Second, the study provides guidance on how top management can have the greatest influence on KAM effectiveness. Our results show that top management involvement mediates the impact of top management commitment on relationship quality. This finding indicates that although top management commitment is important, it is not enough. Actions are what matters most for customers, and it is the customers' evaluation of the actions that determines the quality of the relationship with their suppliers. This implies that top management commitment can contribute to KAM effectiveness only when it is “translated” into active involvement in the KAM function. Thus, suppliers should support KAM not only in theory but also in practice.

Third, our study evaluates KAM effectiveness on the basis of relationship quality and financial performance. Results indicate that relationship quality is significantly related to financial performance. The strength of this relationship further emphasizes the importance suppliers should place on building close and long-lasting relationships with key accounts to achieve performance outcomes. It also implies that suppliers should shift from the “traditional”, sales-based view of KAM, and adopt a long-term perspective in managing key accounts if they seek to enjoy significant benefits from KAM relationships.

### Limitations and future research

Our study has some limitations that offer opportunities for future research. First, the study focuses on the effect of top management commitment and involvement in KAM. However, there may be other factors and moderators that affect the strength of their relationship to KAM effectiveness. Future research that considers top management's role simultaneously with either internal characteristics, such as organizational culture, market characteristics, such as competitive intensity, or customers' characteristics, such as customer purchasing strategy, and explores their potential interaction, would contribute to a more comprehensive understanding of the antecedents to effective KAM.

A second limitation involves the use of a single-informant design which focuses merely on suppliers. This suggests a barrier to the comprehensive evaluation of relationship quality. Relationship quality represents the strength of a buyer–seller relationship. Therefore, measuring relationship quality as perceived by suppliers, as this study does, fails to capture the actual nature of the construct. Although choosing the appropriate key informant can help improve the accuracy of the data (Huber and Power, 1985), multiple informants could help to cross-validate the data and eliminate the possibility of a common method bias. Future research using dyads as a research setting and comparing perspectives from both suppliers and key accounts will offer a more comprehensive view of the relational outcomes of KAM relationships. In addition, as previously discussed, there might be tension between top management and KAM. Focusing therefore only on managers responsible for the KAM function, as the present study does, it might be a little one-sided. Future research using both top managers and KAM managers as the unit of analysis will provide a more balanced and objective view of the role of top management in KAM.

Third, the rather low variance of performance that is explained by the relationship quality (i.e. 12 per cent) indicates that performing well at the key account level is not the only factor that affects performance. Suppliers' performance is very likely to be the result of other factors, e.g. superior products and/or services, competition, emerging customers' needs or even smaller, average, customers (Homburg *et al.*, 2002). Hence, future research attempting to examine aspects of KAM in regard to other drivers of performance will add to our understanding of the antecedents to superior performance in business markets. In this context, future research can also examine non-financial outcomes of KAM along with financial ones. Such an investigation will add to our understanding of the full benefits of KAM relationships, as well as of the interplay between them.

Fourth, future research can examine the role of top management in relation to the type of key account. It is likely that the extent of the top management involvement will be determined by the type of key accounts. For example, very often, global accounts require the use of KAM teams, contrary to "regular" key accounts. As such, top management should also encourage cross-organizational responsiveness (Storbacka, 2012). Linking therefore the top management involvement to the type of key account will add to our understanding of the role of top management in KAM relationships and, thus, suggests an interesting route for future research[1].

Finally, our study concentrates on the ways that top management contributes to KAM effectiveness. Although we feel that our hypotheses are well-grounded, there is the possibility that top management involvement can be detrimental in certain circumstances. Guesalaga and Johnston (2010) note that problems can occur when top managers make decisions regarding a customer without having enough knowledge of their strategy or their competitive environment, or when top managers try to take over the account during negotiations, diminishing the key account manager's role as the primary contact. Thus, future research exploring the potential negative impact will offer a more comprehensive picture of the implications of top management involvement in KAM.

## Note

- 1 The author would like to thank the anonymous reviewer for this constructive comment.

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## Appendix

Table AI Measures

Construct	Items	M/SD	Item loading
<b>Key account management orientation</b>			
<b>Top management commitment<sup>a</sup></b>	Top management affirms the importance of KAM as a major strategic orientation for the company	5.40/1.20	0.82
	Top management sets an example to KAM for the rest of the organization	5.42/1.19	0.89
	Top management closely overviews all the activities concerning the management of our key accounts	5.61/1.16	0.84
	Top management has no hesitation to spend a lot of time to contribute in the management of our key accounts	5.52/1.13	0.81
<b>Top-management involvement<sup>a</sup></b>	Top management always stresses the importance that all units can contribute in delivering value to our key accounts	5.35/1.17	0.86
	Top management allocates the required resources (money, time, personnel) for the KAM function	5.14/1.09	0.75
	Top management systematically monitors the KAM function within the company	5.72/1.05	0.77
	Top management interprets, when necessary, to find solutions to problems that our key accounts face	5.46/1.09	0.83
	Top-management actively participates in the designing of activities regarding our key accounts	5.59/1.07	0.82
	Top management compensates/rewards the actions and initiatives that lead to the development of the relationships with our key accounts	4.88/1.28	0.73
<b>Relationship quality</b>			
<b>Satisfaction<sup>a</sup></b>	Our key accounts are very satisfied with us	5.51/0.88	0.79
	They are very pleasant with what we do for them	6.19/1.02	0.80
	If they had to do it all over again, they would still choose us as supplier	5.43/0.92	0.65
	(They have regretted for their decision to cooperate with us) (R)	5.77/0.89	0.54
<b>Trust<sup>a</sup></b>	They are convinced that we keep our promises to them	6.04/0.88	0.77
	They believe that we are genuinely concerned about their business success	5.95/0.83	0.82
	They believe the information that we give them	5.56/1.00	0.79
	They believe that we keep the best interest in mind	5.63/1.04	0.85
<b>Commitment<sup>a</sup></b>	They consider us trustworthy	6.28/0.80	0.77
	"Our relationship with key accounts [. . .]"	4.77/1.19	0.81
	is something that they are very committed to		
	is very important to them	5.29/1.08	0.87
	they consider it that it deserves their maximum effort to maintain	5.59/0.93	0.91
	it is something that they intend to maintain indefinitely	5.48/1.00	0.86
<b>Financial performance</b>			
<b>Indicators of performance<sup>b</sup></b>	"Relative to your competitors, how has your company during the past 3 years, performed with respect to [. . .]"		
	Sales	5.38/1.11	0.86
	Profits	5.12/1.27	0.90
	Market share	5.16/1.18	0.84
	ROI	5.05/1.19	0.89

**Notes:** <sup>a</sup>seven-point scale with anchors 1 = totally disagree and 7 = totally agree; <sup>b</sup>seven-point scale with anchors 1 = much worse and 7 = much better; scale items not retained are indicated in parentheses; (R) denotes a reverse-coded item

### About the author

**Nektarios Tzempelikos** is a Senior Lecturer in marketing in the Lord Ashcroft International Business School, Anglia Ruskin University, UK. His research has been published in the *Industrial Marketing Management*, *Journal of Business & Industrial Marketing*, *Journal of Business-to-Business*

*Marketing*, *Journal of Strategic Marketing*, *The IMP Journal* and *The Journal of Relationship Marketing*, among others. His research interests include key account management, relationship marketing and customer value. Nektarios Tzempelikos can be contacted at: [nektarios.tzempelikos@anglia.ac.uk](mailto:nektarios.tzempelikos@anglia.ac.uk)

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